capacity using factors such as the number and percentage of families below the poverty level and per capita income.

Eliminate the CDBG Program. If the CDBG program was eliminated, savings in federal outlays would amount to around $184 million in 1996 and a total of $15.2 billion over the 1996-2000 period measured from the 1995 funding level. Measured from the 1995 level adjusted for inflation, savings would be $190 million in 1996 and $16.4 billion over the five-year period.

One argument for terminating the program is that federal funds should be targeted toward programs whose benefits are national rather than local. Accordingly, programs such as the CDBG program, which generate primarily local benefits, should be funded by state and local governments. Moreover, to the extent that local jurisdictions use CDBG funds to help them compete against each other to attract business, benefits are shifted away from local jurisdictions to private firms. Without the CDBG program, however, a number of its activities would not be undertaken by most local governments--particularly the rehabilitation of low-income housing and, to some extent, economic development. Since the CDBG program is the largest source of federal aid for many cities, fewer resources would be available for low-income households. Furthermore, CDBG funding has presumably been figured into the budgets of entitlement recipients. Ending that support could impose at least temporary stress on many governments, some of which continue to experience fiscal difficulties.

Restrict Eligibility and Reduce Funding. If the entitlement component of the program was cut by 20 percent, federal outlays could be reduced by $37 million in 1996 and $3 billion over the 1996-2000 period measured from the 1995 funding level. Measured from the 1995 level adjusted for inflation, savings would be $38 million in 1996 and $3.3 billion over the five-year period. One way of achieving such a cut would be to eliminate funding for a sufficient number of the least needy jurisdictions. A cutback of that kind would effectively increase the proportion of funds going to the nonentitlement component from 30 percent to 35 percent, but the typically competitive nature of the distribution process would presumably ensure that those funds would be targeted toward the neediest areas. Carrying out this option would require both a change in the authorizing legislation and a cut in the program's annual appropriation.

An argument in favor of such a cutback is that no pressing interest is served by supporting jurisdictions that have above-average ability to fund projects themselves. For example, 15 of the 20 counties that had the highest per capita income in the nation in 1989 received funds in 1993 under the CDBG entitlement component. Eliminating funding for those types of jurisdictions, rather than reducing grants across the board, would ensure that the most distressed jurisdictions retained the same level of aid. However, a reduction in federal funds for affluent jurisdictions would probably curtail activities designed to aid low- and moderate-income households in any pockets of poverty in those areas, because local governments would probably not completely offset the reduction.

DOM-35 ELIMINATE FEDERAL SUPPORT FOR TENNESSEE VALLEY AUTHORITY ACTIVITIES

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
	From the 1995 Funding Level					
Budget Authority	143	143	143	143	143	715
Outlays	42	117	133	143	143	578
	From the 1995 Funding Level Adjusted for Inflation					
Budget Authority	148	153	159	164	170	794
Outlays	43	123	144	159	165	634

The Tennessee Valley Authority (TVA) is a federal agency that operates an electric utility with billions of dollars in annual sales. It is also charged with "planning for the proper use, conservation, and development of the natural resources of the Tennessee River drainage basin." The annual federal appropriation for the TVA supports its stewardship of lands, facilities, and natural resources (including maintaining a system of dams and reservoirs), its recreational programs and environmental research center, and its efforts to assist local economic development and promote public use of its land and water resources.

In 1995, the TVA anticipated spending $258 million on those non-power-generating activities, financed by $140 million from federal appropriations, $93 million from reimbursements for services provided to other federal agencies, $18 million from purchasers of TVA electricity, and $6 million from other sources. Eliminating the activities that the annual appropriation supports, except those activities whose costs could be shifted to nonfederal sources, would reduce federal outlays by about $42 million in 1996 and $578 million over the 1996-2000 period measured from the 1995 funding level. Measured from the 1995 level adjusted for inflation, outlays would be reduced by $43 million in 1996 and $634 million over the five-year period.

In recent years, the TVA has used the largest chunk of its appropriation to fund its stewardship program. Eliminating federal support for that program accounts for roughly half of the total savings in this option. The main argument for cutting that funding is that stewardship activities should be financed regionally by state and local governments or by charging fees to their beneficiaries--or discontinued if they are insufficiently valuable. Proponents of maintaining federal funding note that the TVA has a federally mandated mission to promote the proper use, conservation, and development of the region's natural resources as well as its economic well-being. They also argue that some stewardship benefits, such as reductions in flood crests and improvements in ecological stability, are distributed very broadly or accrue in part to future generations. Funding the activities underlying those benefits through fees levied on the beneficiaries is therefore difficult.

A quarter of the savings in this option come from eliminating funding for TVA's Environmental Research Center in Muscle Shoals, Alabama. Past research at the center (formerly, the National Fertilizer and Environmental Research Center) developed 75 percent of the fertilizers in use today. The center's current program includes research in ozone mitigation, pollution-free agriculture, use of poultry litter, utility waste management, and biotechnology for cleaning up hazardous wastes.

Critics of the center argue that many of its research projects benefit the private sector and that other projects should be consolidated with research being conducted by the Department of Agriculture or the Environmental Protection Agency. Supporters of continued funding note that the center has eliminated two-thirds of its projects (including fertilizer research and development) and increased its use of external funding from other federal agencies and the private-sector Electric Power Research Institute. They also argue that the center is uniquely positioned to develop solutions that reflect a large region's environmental, economic, and social needs.

The remaining savings projected from this option result from withdrawing federal funding for the TVA's programs in recreation, promotion of land and water resources, and local economic development. The broad argument against federal funding of those programs is that their benefits are largely regional. Funding should therefore be provided by state or local governments or through fee-for-service mechanisms. Supporters of continued funding again point to the TVA's federally mandated mission and to the difficulty that state and local governments could have in apportioning the costs of collectively valuable programs in the absence of federal funding.

DOM-36 CONSOLIDATE AREA OFFICES OF THE BUREAU OF INDIAN AFFAIRS

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
			From the 1995 Funding Level			
Budget Authority	27	27	27	27	27	135
Outlays	19	27	27	27	27	127
			From the 1995 Funding Level Adjusted for Inflation			
Budget Authority	28	29	30	31	32	150
Outlays	19	27	28	29	30	133

The Bureau of Indian Affairs (BIA) currently has 12 area offices that serve the federally recognized tribes located within their geographic regions. Area offices employ 9 percent of the BIA workforce and coordinate child protection programs, financial trust services, and technical assistance. They also process loan and grant applications, negotiate and award self-determination contracts, and provide administrative support. This option would halve the number of area offices from 12 to 6, saving $19 million in 1996 and $127 million from 1996 through 2000 measured from the 1995 funding level. Savings from the 1995 level adjusted for inflation would be $19 million in 1996 and $133 million from 1996 through 2000.

Reducing the number of area offices would accord with the desire of tribal organizations to decentralize decisionmaking authority. As the office's role is redefined to comprise advising and assisting field offices and tribal organizations rather than implementing programs, fewer will be needed. Such a reduction would also be in line with the current trend toward self-determination among the tribes: many of them are opting, either by themselves or through outside contracting, to provide services that were once supplied by the BIA. The reduction fits in with BIA objectives as well, as the agency works to meet the goals of the National Performance Review by cutting personnel by 50 percent in its central and area offices. Indeed, the BIA will face serious gaps in its ability to deliver services unless its area offices are consolidated.

The current Secretary of the Interior, however, has made a firm commitment to allow the BIA to use any savings from personnel cuts after 1995 to allocate more of its funding directly to the tribes and for training providers of technical assistance and services at the "front line." Such training is necessary to help tribes to assume greater responsibility for such programs. Therefore, if the Secretary fulfills his commitment, the savings from eliminating offices would not be used to reduce the deficit. Another potential drawback to this option is that the cut from 12 to 6 area offices may diminish oversight at that level, which may be needed especially as tribal organizations move further into self-determination of their activities. The tribes, for their part, view the reduction with some concern: despite their desire for decentralized decisionmaking authority, they fear that consolidating area offices would be a first step toward losing their current government-to-government relationship with the United States.

DOM-37 ELIMINATE FUNDING TO SCHOOL DISTRICTS FOR IMPACT AID

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
			From the 1995 Funding Level			
Budget Authority	728	728	728	728	728	3,640
Outlays	600	710	728	728	728	3,494
			From the 1995 Funding Level Adjusted for Inflation			
Budget Authority	750	780	810	830	860	4,030
Outlays	615	760	800	830	855	3,860

Impact Aid (previously known as School Assistance in Federally Affected Areas) is intended to compensate school districts affected by activities of the federal government. Payments are made to districts for federally connected pupils and for school construction in cases in which the federal government has acquired a significant portion of the district's real property tax base, thereby depriving the district of a source of revenue.

Impact Aid goes to school districts having a minimum of 3 percent (or at least 400) of their pupils associated with activities of the federal government, including pupils whose parents both live and work on federal property (Indian lands are part of that designation); pupils whose parents are in the uniformed services but live on private property; and pupils who live in low-rent housing that is federally subsidized. In addition, aid goes to a few districts enrolling at least 2,000 pupils (and 15 percent of enrollment) whose parents work on federal property. In 1993, Impact Aid went to approximately 2,500 school districts spread across all of the states. As a result of the program's reauthorization in 1994 (as title VIII of the Elementary and Secondary Education Act of 1965, as amended), Impact Aid is likely to be more targeted in the future toward pupils whose parents live and work on federal land. Because of hold-harmless provisions, however, most school districts will not be fully affected by the changes in the law until 1997.

Eliminating all funding for Impact Aid would reduce federal outlays in the 1996-2000 period by about $3.5 billion measured from the 1995 funding level and about $3.9 billion measured from the 1995 funding level adjusted for inflation. Proponents of eliminating the program argue that the economic benefits from federal activities outweigh the demands placed on the schools, making Impact Aid unnecessary. Those economic benefits are considered so substantial that local jurisdictions compete vigorously for new federal activities and lobby intensely to forestall losing existing ones. Opponents counter that the presence of federal activities does not adequately compensate local governments and school districts for losses in property tax revenues. (Additional revenues resulting from federal activities are collected primarily by the state through income and sales taxes.) Moreover, some school districts--especially isolated ones that have military installations with large numbers of children residing on federal property--would face severe financial hardship if such funding was eliminated.

DOM-38 ELIMINATE ANCILLARY VOCATIONAL EDUCATION PROGRAMS

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
Eliminate Community-Based Organizations Programs						
From the 1995 Funding Level						
Budget Authority	9	9	9	9	9	45
Outlays	1	8	9	9	9	36
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	10	10	10	11	11	52
Outlays	1	8	10	10	11	40
Eliminate the Consumer and Homemaking Education Program						
From the 1995 Funding Level						
Budget Authority	35	35	35	35	35	175
Outlays	5	25	35	35	35	135
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	35	35	40	40	40	190
Outlays	5	25	35	40	40	145

Vocational education--occupationally specific instruction in such areas as business math, industrial arts, electronics, and office management--is widely offered in U.S. secondary schools. Federal legislation in the form of the Carl D. Perkins Vocational and Applied Technology Education Act is intended to help states ensure equal vocational education opportunities for traditionally underserved populations. The act also funds qualitative improvements in vocational education programs in order to increase workforce productivity and promote economic growth. In addition to its core programs, this legislation established other programs that are ancillary to its larger purposes, such as the Community-Based Organizations programs and the Consumer and Homemaking Education program. Eliminating them would probably not affect the accomplishment of the central purposes of the legislation and over the 1996-2000 period could save $171 million measured from the 1995 funding level and $185 million measured from the 1995 level adjusted for inflation.

Eliminate Community-Based Organizations Programs. These programs fund projects that include outreach efforts to locate likely recipients of vocational education; prevocational basic-skills training, guidance, and counseling; and career intern programs. In 1994, 53 grants were made to states and outlying areas for $12 million; most states then used competitive grants to fund local recipients. Eliminating these programs could save $36 million in outlays measured from the 1995 funding level and $40 million measured from the 1995 level adjusted for inflation.

People who argue for eliminating these programs have several criticisms. The services the programs fund are ancillary to vocational education in that they do not address the allocation or quality of occupationally specific instruction. In some cases, the services only supplement those funded by other sources. States tend to distribute funds among a large number of organizations located in different parts of the state, and many awards appear to be too small to make a significant difference. Furthermore, most states do not conduct formal evaluations of the projects they fund.

Proponents of the programs argue that they complement the efforts of the core Vocational Education Basic Grant program. For example, they fund efforts to reach disadvantaged individuals who may not be served by regular vocational education programs; those people include school dropouts, substance abusers, teenage parents, and immigrants with limited language skills. The services offered through community-based organizations can also provide beneficiaries with the attitudes and basic skills they need to succeed in mainstream vocational education programs.

Eliminate the Consumer and Homemaking Education Program. This program provides grants to states to prepare youths and adults to be homemakers. Federal funds are allocated according to a state's per capita income and population; one-third of each state's allotment must go to economically depressed areas. These funds can be used for instruction in family living and parenthood, food preparation and nutrition, child development and guidance, home management, and the like. In 1994, $35 million was appropriated for this program, and 53 grants were made to the states, the District of Columbia, and outlying areas. Eliminating the program would reduce federal outlays over the 1996-2000 period by $135 million measured from the 1995 funding level and $145 million measured from the 1995 level adjusted for inflation.

Critics of the Consumer and Homemaking Education program argue that there is no essential federal role in educating people to be homemakers and that federal funds are not necessary to support these activities. Federal funds generally supplement state and local programs for elementary and secondary schools, where state and local dollars have exceeded federal dollars by more than 20 to 1. If they chose, states and localities could use funds from their Basic Grants to States to continue those services.

Proponents of the program see it as an important supplement to efforts to reduce sex bias and stereotyping in family life. The program also provides funds for ancillary services (including outreach) to ensure the quality and effectiveness of local programs. Without federal support, local consumer and homemaking education services might be restricted or reduced in quality.

DOM-39 ELIMINATE 30 SMALL GRANT PROGRAMS IN THE DEPARTMENT OF EDUCATION

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	187	187	187	187	187	935
Outlays	32	143	183	187	187	732
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	195	200	205	215	220	1,035
Outlays	30	150	195	205	215	795

The Department of Education funds more than 230 programs that address a range of problems at all levels of education. Some analysts have argued that a number of those programs have either largely or completely achieved their original purposes or could be supported by other funding sources. The National Performance Review (NPR) recommended that 34 such programs be eliminated, and the Congress did eliminate 12 of them. Among the remaining programs on the NPR list are 13 relatively small programs that are not considered elsewhere in this volume. Another 17 programs in the Department of Education are each funded at $15 million or less in 1995. These 30 programs range in cost from about $125,000 to $30 million a year. Eliminating all of them would save, over the 1996-2000 period, $732 million measured from the 1995 funding level and $795 million measured from the 1995 level adjusted for inflation.

NPR Terminations. The Congress appropriated $130 million in 1995 for the 13 programs that the NPR recommended terminating. Eliminating those programs would reduce federal spending over the 1996-2000 period by $500 million measured from the 1995 funding level and by $545 million from the 1995 level adjusted for inflation.

These 13 grant programs vary in size and serve a wide range of purposes. The largest one--the Dropout Prevention Demonstrations--received almost $30 million in 1995. The smallest is the Eisenhower Leadership Program, which gets about $4 million in funding. Other programs include several small ones for libraries, Ellender Fellowships (a grant to the Close Up Foundation to bring economically disadvantaged people to Washington, D.C., to increase their understanding of the federal government), Cooperative Education (grants for programs that alternate periods of academic study and employment), Education for Native Hawaiians, and Civics Education.

The NPR recommended terminating these programs because they duplicate others, have achieved their purposes, or are more appropriately supported with nonfederal funds. The Department of Education had already suggested eliminating them, and the Administration's proposed budget for 1995 had so recommended. Opponents of this option argue that many of the programs have been successful in addressing the specific problems for which they were created but are still needed because the underlying conditions continue to exist. Advocates also point out that alternative funding from local and state governments or private sources would probably not be forthcoming if the federal programs were eliminated.

Other Small Programs. The Congress appropriated about $60 million in 1995 for the 17 additional programs considered here that had annual spending of $15 million or less. Eliminating those programs would reduce federal spending over the 1996-2000 period by $230 million measured from the 1995 funding level and by $250 million measured from the 1995 level adjusted for inflation.

These 17 programs are all small and support a range of projects. The largest program, the National Diffusion Network (which disseminates education practices, products, and programs developed by school districts, colleges, and other organizations), received $15 million in 1995. The next largest program, Parental Assistance, was a new program in 1995 and got $10 million. The other 15 programs were all funded at less than $6 million--12 of them were new in 1995.

Proponents of eliminating these programs argue that the projects supported by them are generally too small to be effective on a national scale, duplicate other efforts across the nation, or could be funded from other federal programs. Many of the programs might also obtain funding from foundations or other nonfederal sources. Opponents of eliminating them argue that many of these programs are intended to demonstrate the effectiveness of imaginative ideas that could later be adopted by other schools, districts, or states. They also note in particular that the National Diffusion Network has fostered the adoption of effective educational practices across the country and argue that the federal government has a natural role in disseminating information about useful innovations in education.

DOM-40 REDUCE FUNDING FOR ELEMENTARY AND SECONDARY EDUCATION PROGRAMS

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	7,419	7,419	7,419	7,419	7,419	37,095
Outlays	1,189	5,890	7,234	7,419	7,419	29,151
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	7,910	8,430	8,995	9,560	10,150	45,045
Outlays	1,265	6,365	8,215	8,955	9,525	34,325

About $300 billion will be spent educating children in elementary and secondary schools in this country in school year 1994-1995. The federal share of that total is expected to be about 7 percent, or over $20 billion. The largest federal programs funded through the Department of Education are Title I of the Elementary and Secondary Education Act, which funds services for economically and educationally disadvantaged students; Impact Aid, which compensates school districts affected by certain federal activities; the Individuals with Disabilities Education Act, which funds services for disabled students; and the Perkins Vocational and Applied Technology Education Act, which funds vocational education.

Because the federal contribution to elementary and secondary education is relatively small, some analysts have suggested that funding for such programs in the Department of Education be decreased to help reduce federal spending (see, for example, DOM-37, DOM-38, and DOM-39). Over the 1996-2000 period, holding funding for those programs at 50 percent of the 1995 funding level would save about $29 billion measured from the 1995 funding level and about $34 billion measured from the 1995 level adjusted for inflation. This option would reduce the appropriation by nearly 60 percent, in real terms, in the fifth year.

If the funding for these programs was reduced, the Congress might also consider modifying them to enhance the flexibility of state and local governments in adjusting to those decreases. One possible change would be to fold the programs into a block grant that specified purposes for which the funds could be spent but left decisions about how to use the funds to the states and the school districts. Since some of the programs are associated with federal mandates regarding services that children must receive (for example, for disabled students), the Congress might also want to modify those mandates.

The primary argument in favor of this proposal is that the federal government cannot afford to fund these programs at their current levels. If funding was reduced, state and local governments might offset some of the cuts to the extent that they found the programs useful or required by federal mandates. Enhancing the flexibility of states and school districts in adjusting to possible cuts could reduce some of the negative consequences of reductions in funding.

The main argument for maintaining funding for these programs is that the effects of cuts would be concentrated among the special populations of students that the programs serve. Those populations include students with one or more of the following characteristics: economically and educationally disadvantaged, limited proficiency in English, disabled, Indian (Native American) origin, and in vocational education. Because states and school districts are unlikely to be able to offset all of the reductions in federal funds, services for students in those categories would probably be reduced.

DOM-41 ELIMINATE STATE STUDENT INCENTIVE GRANTS

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
From the 1995 Funding Level						
Budget Authority	63	63	63	63	63	315
Outlays	13	63	63	63	63	265
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	65	70	70	70	75	350
Outlays	15	65	65	70	75	290

The State Student Incentive Grant (SSIG) program helps states provide financially needy postsecondary students with grant and work-study assistance while they attend academic institutions and schools that provide occupational skills. States must match federal funds at least dollar for dollar, while also meeting maintenance-of-effort criteria. Unless excluded by state law, all public and private nonprofit postsecondary institutions in a state are eligible to participate in the SSIG program. In 1994, the federal government appropriated $72 million, which was matched by 50 states and seven other jurisdictions; the money was distributed to an estimated 240,000 students.

During the 1996-2000 period, eliminating SSIGs would save the taxpayers $265 million measured from the 1995 funding level and $290 million measured from the 1995 level adjusted for inflation. If a portion of the resulting savings from eliminating this program was redirected to the Federal Pell Grant Program, which assists financially needy undergraduates, some of the adverse effects of eliminating SSIGs could be alleviated. In either case, the extent of the actual reduction in assistance would depend on the responses of states, some of which would probably make up part of the lost federal funds.

Proponents of eliminating this program argue that it is no longer needed to encourage states to provide more student aid. When the SSIG program was authorized in 1972, only 31 states had student grant programs; now, all 50 states provide student grants. Furthermore, state need-based aid for undergraduates increased from $1.1 billion (in 1994 dollars) in academic year 1973-1974 to an estimated $2.2 billion in academic year 1993-1994, when about 1.6 million students received such aid.

Opponents of eliminating SSIGs argue that not all states would increase their student aid appropriations to make up for the lost federal funding and some might even reduce them. In that case, some students receiving less aid might not be able to enroll in college or might have to attend a less expensive school. Eight states just met the SSIG matching provision in academic year 1991-1992.

DOM-42 ELIMINATE FEDERAL FUNDING FOR CAMPUS-BASED STUDENT AID

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
Eliminate Campus-Based Aid						
From the 1995 Funding Level						
Budget Authority	1,358	1,358	1,358	1,358	1,358	6,790
Outlays	135	1,315	1,358	1,358	1,358	5,524
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	1,400	1,450	1,500	1,555	1,610	7,515
Outlays	140	1,365	1,455	1,505	1,555	6,020
Eliminate Campus-Based Aid and Redirect Half of the Savings						
From the 1995 Funding Level						
Budget Authority	679	679	679	679	679	3,395
Outlays	0	652	679	679	679	2,689
From the 1995 Funding Level Adjusted for Inflation						
Budget Authority	725	770	820	875	930	4,120
Outlays	5	700	775	825	880	3,185

The federal government provides campus-based student aid through three programs: Supplemental Educational Opportunity Grants, Perkins Loans (formerly National Direct Student Loans), and Work-Study. Financial aid administrators at postsecondary institutions determine which eligible students receive aid under general federal guidelines. In 1995, the federal government provided $1.4 billion in campus-based aid, which will go to approximately 1.6 million students.

Eliminating federal funding for these programs would lower outlays from the 1995 funding level by $5.5 billion during the 1996-2000 period. The savings from the 1995 funding level adjusted for inflation would be $6.0 billion over that period. Alternatively, half of the savings from eliminating those programs could be redirected to the Federal Pell Grant Program, which is more closely targeted toward low-income students. The extent of the reduction in total student aid would depend on the responses of postsecondary institutions, some of which would make up part or all of the lost federal funds. Moreover, since postsecondary institutions retain about $6.1 billion in revolving funds under the Perkins Loan program, an estimated 572,000 students would receive loans, averaging about $1,340 in 1995, even if the federal government did not fund any new campus-based aid.

The primary justification for this option reflects the view that the main goal of federal student aid is to provide access to postsecondary education for people with low income. Because campus-based aid is tied to specific institutions, students with greater need at poorly funded schools may receive less than those with less need at well-funded institutions.

Postsecondary institutions object to this option, however, because it would reduce their discretion in packaging aid to address the special situations of some students while also reducing total available aid.

Moreover, these programs disproportionately help students at private, nonprofit institutions (whose students get over 40 percent of this aid, compared with about 20 percent of Pell Grant aid). Thus, cutting campus-based aid would make this type of school less accessible to needy students.

Redirecting half of the savings from eliminating campus-based aid to the Pell Grant program would mitigate the effects on lower-income students of less total aid. The Pell Grant appropriation provides for a maximum award of $2,340 in the 1995-1996 academic year. Redirected funds from campus-based programs could be used by the appropriations committees to increase the maximum Pell grant. Pell grants allow students to choose freely among postsecondary institutions rather than be limited to institutions that offer them campus-based aid. Redirecting one-half of the funds to the Pell Grant program would, however, result in about one-half of the savings that could otherwise be gained by eliminating campus-based aid.

DOM-43 REDUCE FUNDING FOR THE JOB TRAINING PARTNERSHIP ACT'S YOUTH TRAINING PROGRAM

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
			From the 1995 Funding Level			
Budget Authority	270	270	270	270	270	1,370
Outlays	10	260	270	270	270	1,080
			From the 1995 Funding Level Adjusted for Inflation			
Budget Authority	290	310	330	350	380	1,660
Outlays	10	270	310	330	350	1,270

Under title II-C of the Job Training Partnership Act (JTPA), state and local agencies receive grants to provide work-related assistance to economically disadvantaged youth under age 22. The assistance includes classroom and on-the-job training, help with job searches, remedial education, and supportive services. The Department of Labor estimates that over 300,000 young people will receive aid in program year 1994. The appropriation for this program was reduced by about 10 percent for 1995. The Administration had proposed that reduction in response to an evaluation that found that the program had not increased the earnings of its participants.

Holding the appropriation for this program at 50 percent below the 1995 funding level would save, over the 1996-2000 period, $1.1 billion measured from the 1995 funding level and $1.3 billion measured from the 1995 level adjusted for inflation. This option would reduce the appropriation by about 60 percent, in real terms, in the fifth year. The main argument for cutting the program is that it does not appear to be working, at least for out-of-school youth. In a time of fiscal stringency, ensuring that scarce resources are not dissipated on ineffective programs is especially critical. Other programs are available for some of the young people who otherwise would have participated in this program.

Yet the importance of preparing youth from low-income families with the skills they need to be productive workers is not diminished by the findings from the evaluation of the JTPA program. Thus, an argument in favor of maintaining current funding is that people who run the program on the local level could work on enhancing the program's effectiveness. Moreover, the Department of Labor has already taken steps that it believes will improve the program.

An alternative approach would be to use some of the savings attained by reducing the appropriation for this program to increase the appropriations for other programs for economically disadvantaged youth. That approach, of course, would achieve a smaller reduction in total spending unless a larger cut in the appropriation for the youth training program was made.

DOM-44 ELIMINATE THE SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM

	Annual Savings (Millions of dollars)					Cumulative Five-Year Savings
	1996	1997	1998	1999	2000	
	From the 1995 Funding Level					
Budget Authority	410	410	410	410	410	2,060
Outlays	70	380	410	410	410	1,680
	From the 1995 Funding Level Adjusted for Inflation					
Budget Authority	420	440	450	470	490	2,270
Outlays	80	390	440	460	470	1,840

The Senior Community Service Employment Program (SCSEP) funds part-time jobs for people age 55 and older who are unemployed and who meet income eligibility guidelines. Through SCSEP, which is authorized under title V of the Older Americans Act, grants are awarded to several nonprofit organizations, the U.S. Forest Service, and state agencies. The sponsoring organizations and agencies pay participants to work in part-time community service jobs for about 20 to 25 hours per week, up to a maximum of 1,300 hours per year. The Department of Labor estimates that almost 100,000 such jobs will be created under SCSEP in program year 1995.

SCSEP participants work in schools, hospitals, and senior citizen centers and on beautification and conservation projects. They are paid the higher of the federal or state minimum wage or the local prevailing rate of pay for similar employment. Participants also receive annual physical examinations, personal and job-related counseling, and assistance to move into private-sector jobs when they complete their projects. SCSEP is not considered a training program, but in recent years it has put increasing emphasis on preparing its participants for unsubsidized employment. About 20 percent of enrollees move on to such jobs.

Eliminating SCSEP would reduce outlays over the 1996-2000 period by about $1.7 billion measured from the 1995 funding level and by about $1.8 billion measured from the 1995 level adjusted for inflation. Opponents of the program maintain that it offers few benefits aside from income support, and that the presumed value of the work experience gained by SCSEP participants would generally be greater if the experience were provided to equally disadvantaged young people, who have longer careers over which to benefit. In addition, the costs of producing the services now provided by SCSEP participants could be borne by the organizations that benefit from their work; under current law, those organizations bear only 10 percent of such costs. This shift would ensure that only those services that were most highly valued would be provided.

SCSEP, however, is the major federal jobs program aimed at low-income older workers, and eliminating it could cause hardship for older workers who are unable to find comparable unsubsidized jobs. In general, older workers are less likely than younger workers to be unemployed, but those who are take longer to find work. Moreover, without SCSEP, community services might be reduced if nonprofit organizations and states were unwilling or unable to increase expenditures to offset the loss of federal funds.